GTL INFRASTRUCTURE

Ref: GIL/SE/REG30/2016-17/53

September 19, 2016

The Secretary,
BSE Ltd (BSE)
P. J. Tower, Dalal Street,
Mumbai 400 023

Scrip Code : 532775
Fax No. 2272 2037/2272 3719

The Secretary,
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, BKC ,
Bandra (East), Mumbai 400 051

Trading Symbol : GTLINFRA
Fax No. : 2659 8237/38

Dear Sirs,

Re: Update in respect of the debt obligations of GTL Infrastructure Limited ("Company")

The Company is a part of the Global Group (being Global Holding Corporation Pvt. Ltd, GTL Limited, the Company and Chennai Network Infrastructure Limited (**"CNIL"**)) and together with its affiliate company, CNIL, owns and operates an independent telecom tower network, with over 27,000 towers and over 45,000 tenancies Pan India. The Company had invested Rs. 1800 crores in CNIL.

In 2011, the Company had undergone a Corporate Debt Restructuring (**"CDR"**) program based on which the lenders of the Company had restructured the outstanding debt obligations in line with the then applicable forecasts and revenue projections.

Since the restructuring program, the Company along with CNIL has paid the CDR lenders an aggregate of Rs. 3,391.61 crores, which includes the following interest and principal payments, without any incremental borrowings:

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Payments	Rs. 0.46 cr	Rs. 196.71 cr	Rs. 950.90 cr	Rs. 1004.93 cr	Rs. 1081.30 cr	Rs. 157.31 cr

In addition, the Company has paid an aggregate of Rs. 115.76 crores to the FCCB holders and on a cumulative basis the Global group as a whole has to date repaid debt of about Rs. 6000 crores to its lenders, without any incremental borrowings.

Post implementation of the CDR, the financial performance and prospects of the Company were adversely impacted due to external developments, which were beyond the control of the management and the promoters. These factors included the following:

1. cancellation of 2G Licenses by the Supreme Court of India in February 2012;
2. suspension in May 2014 of the Right of First Refusal program by Aircel Limited, a significant customer of the Company, due to its own regulatory issues and business constraints;
3. slower 3G & Broadband Wireless Access growth from 2010 till 2015;
4. non-availability of capital for modernization and replacement of assets on account of the CDR;
5. negligible or no substantial expansion by telecom operators on account of the operators having to deposit vast sums of approximately Rs. 2,40,000 crores towards spectrum licensing and other charges.

On a cumulative basis for the Company and CNIL over the past 5 years, these developments have resulted in a revenue shortfall (Rs. 1177.66 crores), which in turn has also resulted in a cashflow shortfall. Set out below are the details of the CDR projections vis-à-vis the actuals:

Year	2011-12	2012-13	2013-14	2014-15	2015-16
Projected Revenue	Rs.1030.17 Cr	Rs.1544.18 Cr	Rs.1718.03 Cr	Rs.1904.83 Cr	Rs.2090.80 Cr
Actual Revenue	Rs.1053.22 Cr	Rs.1458.55Cr	Rs.1481.33 Cr	Rs.1570.72 Cr	Rs.1609.58 Cr

In view of the above and the shortfall, this has now resulted in a situation where the current debt levels have to be brought to a sustainable level on the basis of the current and foreseeable future cash flows of the Company.

The Company and its management had anticipated these issues and starting 2014, had submitted several proposals to try and address these issues. These proposals included, (i) the merger of the Company with CNIL (which was in any event a requirement of the original CDR terms and conditions); (ii) the conversion of debt into equity; (iii) and induction of an investor (towards which the Company had appointed investment bankers and also received in principle offers from potential investors).

Therefore, the management is taking all possible steps to bring the debt down to more sustainable levels. The business prospects of the Company have started to witness positive indicators. With the recent events in the telecom sector, there is an expectation that the new and incumbent operators would be seeking to undertake significant infrastructure expansion in the short and medium term. In fact, the Company has recently signed up with Reliance Jio for sharing of towers for 3000 additional tenancies, which is expected to increase in future. This is expected to help the Company to increase its EBITDA over the upcoming years.

In view of the above, the Company is at a crucial stage where it needs further capital to fuel its future growth plans and also reduce its debts to sustainable levels.

With these objectives in mind, the Company has been engaged in discussions with its lenders and is now actively exploring two possible debt restructuring schemes, introduced by the Reserve Bank of India to address the systemic banking issues being faced by the industry. The two schemes are as follows (i) Scheme for Sustainable Structuring of Stressed Assets ("**S4A Scheme**"); and (ii) Strategic Debt Restructuring Scheme ("**SDR Scheme**"). Both schemes essentially provide for conversion of outstanding unsustainable debt of the lenders into equity so as to bring the debt levels of a borrower to a sustainable level. In this context, the Company has engaged an independent professional advisor to present the nuances of the two options for consideration by the lenders.

The aforesaid options may also have a consequential effect on the promoter shareholding in the Company in accordance with RBI guidelines. In this context the Board was also informed of certain obligations of GTL Limited ("**GTL**"), under its CDR package in its capacity as the promoter of the Company. In terms thereof, GTL has covenanted to its lenders to monetize its investments in the Company and CNIL over the course of 2016, 2017 and 2018. GTL has also consistently sought the approval of all lenders for monetization of its investments, the proceeds of which would then be used to settle the dues owed to all its lenders.

Keeping in mind the obligations of the Company and CNIL owed to their respective lenders and their fiduciary duty to protect the interests of the lenders and the public shareholders, the Company's Board has also considered the possibilities at hand. After considering all relevant facts and circumstances and with a view to reaching a holistic solution, the Board concluded that opting for the SDR Scheme would be the most viable and sustainable route for the Company, its lenders and minority shareholders.

Further, the Board is of the opinion that in addition to the reduction of debt to sustainable levels by conversion into equity pursuant to the SDR Scheme, in view of the investment by the Company in CNIL, completion of the proposed merger between the Company and CNIL followed by the induction of a new investor in a time-bound manner is absolutely essential and would enable the lenders and the minority shareholders to realise the value of debt and equity.

Furthermore, the positive impact of reduction of debt to sustainable levels (when carried out) will also enable the Company to better service its customers.

While, the Company acknowledges that the final decision on the future course of action for the Company is subject to the decision of the lenders and the shareholders of the Company, on September 19, 2016 the Board, after considering all relevant options, has arrived at the following recommendations and has informed the CDR lenders of its views:

(i) to adopt and implement the SDR Scheme with the reduction of debt to a sustainable level;

(ii) to approve and implement the merger of CNIL with GIL as per the requirements of the CDR package and the loan sanction terms of the lenders; and

(iii) induction of a new investor as per prescribed timelines under the SDR Scheme and in accordance with the RBI guidelines on Sale of Stressed Assets by Bank issued on September 01, 2016 and other applicable regulations.

The Board has constituted a committee of Independent Directors to monitor the process and way forward, to ensure transparency and to protect the interest of the lenders and minority shareholders.

This disclosure is being made pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Investors and shareholders may note that the final adoption of the remedial measure is subject to the consent of the lenders of the Company and consequently, investors / shareholders should only act once a final decision on the way forward is taken. The Company and the management will continue to co-operate with the lenders on any and all such remedial measures.

Thanking You,

Yours truly,
For **GTL Infrastructure Limited**

N.A.Mhatre

Milind K. Naik
Whole time Director

Nitesh A. Mhatre
Company Secretary

(Note: This letter is submitted electronically with BSE & NSE through their respective web portals.)